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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

GOORIN BROS., INC., a California
 limited liability company,

 Plaintiff,

 v.
 GOLDSTARHAT LLC, a New York
 limited liability company; and DOES 1
 through 10, inclusive,

 Defendants.

CASE NO. 3:24-CV-05579-RS

**PLAINTIFF GOORIN BROS. INC.'S
 RESPONSE TO COURTS ORDER
 RE: QUESTIONS CONCERNING
 MOTION FOR DEFAULT
 JUDGMENT**

Judge: Hon. Richard Seeborg

Trial Date: None Set

Plaintiff Goorin Bros., Inc. (“Goorin” or “Plaintiff”) hereby submits the following responses to the three questions relating to Plaintiff’s Motion for Entry of Default Judgment, which are set forth in this Court’s Order dated April 17, 2025:

I. Question 1:

The operative complaint does not specify the damages sought, but the motion for entry of default judgment calculates \$1.4 million as the sum of compensatory damages. California law limits recovery in default judgments to the amount stated in the complaint. *See Sass v. Cohen*, 10 Cal. 5th 861, 870–71 (2020). Three of the claims in the complaint are brought under California law. In light of the guidance in *Sass*, on what basis may the court award compensatory damages via default

1 judgment on the state law claims in this case?

2 **Response to Question 1:**

3 The holding in *Sass v. Cohen* is expressly based on what it refers to as
 4 “statutory requirements for pleading” that constitute “back-end limitations” on relief
 5 as set forth in Section 580 of the California Code of Civil Procedure. 10 Cal. 5th at
 6 870-71 (2020). While the statutory pleading requirements in Section 580 of the
 7 Code apply to pleadings filed in California state courts, under the Federal Rules of
 8 Civil Procedure, a plaintiff need not demand a sum certain in the complaint in order
 9 to recover damages on default. *AirDoctor, LLC v. Xiamen Qichuang Trade Co.,*
 10 *LLC*, 2025 WL 1086045 (9th Cir. April 11, 2025); *Appleton Electric Co. v. Graves*
 11 *Truck Line, Inc.*, 635 F.2d 603, 610-11 (7th Cir. 1980) (explaining that under the
 12 Federal Rules, “[n]o known authority supports Graves’s asserted proposition that
 13 defendants have a ‘right’ to default and to know the exact measure of liability that
 14 will flow from a prospective default.”). This approach is consistent with the general
 15 rule that even when a “claim for relief is based on state law, federal procedural rules
 16 govern the pleading standard.” *Raymat Materials, Inc. v. A & C Catalysts, Inc.*,
 17 2013 WL 3662477, at *2 (N.D. Cal. July 12, 2013); *see also Clark v. Allstate Ins.*
 18 *Co.*, 106 F.Supp.2d 1016, 1018 (S.D.Cal.2000) (“It is well-established that federal
 19 courts sitting in diversity must apply state substantive law and federal procedural
 20 rules.”).

21 Accordingly, federal courts faced with claims arising under California state
 22 law have applied federal pleading requirements rather than those arising under state
 23 law. *See Merrifield v. Miner’s Inn Restaurant & Lounge*, 2006 WL 4285241, at *3
 24 (E.D. Cal. Sept.25, 2006) (in the context of a default judgment, “where a type of
 25 damages is requested in the complaint in an amount to be proved, but the amount is
 26 not specified, recovery in excess of an amount stated is permitted.”); *see also St.*
 27 *Paul Fire & Marine Ins. Co. v. Virginia Sur. Co.*, 2013 WL 941795, at *1 (S.D. Cal.
 28 Mar. 11, 2013) (“under Federal Rule of Civil Procedure 54(c) . . . the complaint

1 need not allege the precise amount of monetary damages in order for a plaintiff to
2 recover the damages on default judgment.”); Fed. R. Civ. P. 8(a); Fed. R. Civ. P. 55.

3 Because the Federal Rules of Civil Procedure govern the pleading standard in
4 this Court, and a plaintiff need not specify the precise amount of damages in a
5 complaint to satisfy the pleading standards of the Federal Rules, this Court may
6 award Goorin damages in the amount established in the Motion for Entry of Default
7 Judgment and the supporting Declaration submitted therewith.

8 **II. Question 2:**

9 Plaintiff does not appear to have served on Defendant a statement that gives
10 notice of the specific amount of punitive damages sought. See West’s Ann. Cal.
11 C.C.P. § 425.115 (requiring such form notice in order to preserve the right to seek
12 punitive damages under state law). On what basis may the court award punitive
13 damages via default judgment on the state law claims in this case?

14 **Response to Question 2:**

15 In *Sass v. Cohen*, discussed above in response to the Court’s first question,
16 Section 425.115 is also included in the California Supreme Court’s analysis of state-
17 law pleading requirements. 10 Cal. 5th at 870-71. As is the case with Section 580,
18 the Federal Rules govern the procedural requirements to establish a claim for
19 punitive damages. *Clark v. Allstate*, 106 F.Supp.2d at 1018.

20 In the context of punitive damages, federal courts have thus found that “the
21 Federal Rules of Civil Procedure govern the punitive damages claim procedurally
22 with respect to the adequacy of pleadings.” *Clark v. State Farm Mut. Auto Ins. Co.*,
23 231 F.R.D. 405, 406 (C.D. Cal. 2005) (citing *Bureerong v. Uvawas*, 922 F.Supp.
24 1450, 1480 (C.D.Cal.1996)). Thus, applying § 425.115 as a pleading requirement in
25 federal court would improperly supplant Federal Rule 8 with state procedure. Rule
26 8 only requires “a short and plain statement of the claim showing that the [plaintiff]
27 is entitled to relief” and a “demand for the relief [plaintiff] sought.” Plaintiff has
28 made such a statement in its claims in the complaint and established its entitlement

1 to punitive damages in its motion for a default judgment.

2 **III. Question 3:**

3 On what basis may the court award compensatory or punitive damages via
4 default judgment on the federal cause of action in this case?

5 **Answer to Question 3:**

6 This Court may award compensatory damages to Goorin on the federal cause
7 of action via default judgment in this action in two ways. First, this Court may
8 simply award the damages sought by Goorin based on the request set forth in
9 Goorin's Motion and supporting Declaration, even though the damages sought by
10 Goorin in the federal cause of action are not set forth in the Complaint. *AirDoctor,*
11 *LLC v. Xiamen Qichuang Trade Co., LLC*, 2025 WL 1086045 (9th Cir. April 11,
12 2025); *see also, Appleton Electric Co. v. Graves Truck Line, Inc.*, 635 F.2d 603,
13 610-11 (7th Cir. 1980). In *Air Doctor*, the Ninth Circuit expressly held Rule 54
14 does not prohibit awarding actual damages in a default judgment to a party that
15 sought in its pleadings actual damages in an amount to be determined at trial. *Id.* at
16 *2.

17 Specifically, in *Air Doctor*, the district court granted the plaintiff's motion for
18 default judgment and request for an injunction, but denied the plaintiff's request for
19 actual damages on the ground that such award would exceed in the amount
20 demanded in the pleadings in violation of Rule 54(c) because the Complaint had not
21 quantified the damages sought. *Id.* On appeal, the Ninth Circuit reversed, noting
22 prior Ninth Circuit precedent that indicated that such recovery would be permitted,
23 as well as the fact that the Seventh Circuit has held that Rule 54(c) does not bar a
24 district court from awarding damages in a default judgment where a party's
25 pleadings did not quantify the amount of damages sought. *Id.*

26 Second, this Court can hold a hearing on the issue of damages if it believes
27 that a hearing is necessary to determine the amount of damages. *See Fed. R. Civ. P.*
28 *55(b)(2)(B)* (The court may conduct hearings. . . when, to enter or effectuate

1 judgment, it needs to . . . determine the amount of damages).

2 Goorin is not seeking punitive damages in connection with its federal
3 trademark infringement claim. Rather, it is seeking actual damages and lost profits
4 in an amount calculated at \$1,410,000. *See* Motion at 17-18; *see also*, Declaration
5 of Ben Goorin in Support of Motion for Entry of Default Judgment, ¶11, Ex. E.
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7 Dated: May 1, 2025

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